

REQUEST FOR PROPOSALS  
MICHIGAN STATE FAIRGROUNDS PROPERTY  
RFP-Doc-MSF01

**Attachment E**

Field House Lease and Exercised Option

## LEASE

THIS LEASE ("Lease") is made entered, by and between, the **STATE OF MICHIGAN, MICHIGAN EXPOSITION AND FAIRGROUNDS AUTHORITY**, ("Landlord"), whose address is 1120 West State Fair Avenue, Detroit, MI 48203, and **FIELDHOUSE, LLC**, a Michigan limited liability company ("Tenant"), whose address is 45300 Mound Road, Shelby Township, Michigan 48317.

The circumstances underlying the execution of this Lease are as follows:

A. Landlord owns a parcel of land which is more particularly described in attached **Exhibit A** and known as the Michigan State Fairgrounds ("State Fairgrounds"). Tenant desires to lease from Landlord portions of that property known as the Agriculture Building and the Michigan Mall East described in **Exhibit B** ("Premises"), and to obtain a non-exclusive easement for the use of certain driveways and parking areas located on the State Fairgrounds for the purpose of parking and ingress and egress to and from the Premises, such easement to be consistent with the drawing of the State Fairgrounds, the parking areas and the driveways marked for access thereon attached hereto as **Exhibit B** and made a part hereof.

B. Pursuant to the Michigan State Fair and Exposition Act, MCLA 285.161, *et seq.* (the "Fairgrounds Act"), Landlord has conducted the Michigan State Fair and Exposition (the "State Fair") on the State Fairgrounds. The normal time frame during which the State Fair is conducted (including set-up, operation and breakdown) extends from three (3) Saturdays prior to Labor Day (the first Monday in September) to five (5) days after Labor Day. Such period is referred to in this Lease as the "State Fair Period." The State Fair Period may be changed by mutual agreement of the parties at the Annual Meeting (as herein defined) based on changes in the dates of the State Fair, provided, however, the parties agree that during the Term of this Lease the State Fair Period shall not exceed thirty (30) days for any calendar year.

C. Tenant desires to lease the Premises and Landlord is willing to lease the Premises provided that Landlord shall continue to have the right each year to conduct the State Fair during the State Fair Period as required by the Fairgrounds Act and other activities provided for in this Lease.

D. Landlord and Tenant desire to have the Premises and the State Fair operate in a cooperative, coordinated and mutually supportive manner.

E. Landlord and Tenant agree that no action taken by Tenant under this Lease should unreasonably interfere with the preparation, holding, clean up, and facilitation of the annual State Fair, as required by the Fairgrounds Act, as well as any other activities provided for in this Lease. Landlord and Tenant also agree that no action taken by Landlord should unreasonably interfere with the activities undertaken by Tenant on the Premises during the Term of this Lease.

**NOW, THEREFORE**, in consideration of the premises and other valuable consideration set forth in this Lease, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

## SECTION 1: DEFINITIONS

1.01 "Applicable Laws" means (to the extent applicable to the Premises) any building and occupancy codes, zoning codes, fire codes, barrier-free regulations, laws, ordinances, regulations, permits and requirements of public authorities having jurisdiction over any construction performed in respect of the Premises, including the Americans with Disabilities Act and the Michigan Barrier Free Act (MCLA 125.1351 *et seq.*) in effect as of the date of the applicable building permit for the construction was issued, subject to those waivers, special use permits or variances that can be negotiated and obtained.

1.02 "Original Commencement Date" means November 26, 2004.

1.03 "Commencement Date of this Lease" means October 1, 2007.

1.04 "Force Majeure" means any event beyond the reasonable control of Landlord and Tenant, and which cannot reasonably be circumvented or curtailed by Landlord and Tenant, including the combined action of workmen (either those employed on the work or in any industry essential to the conduct of the work) in no way caused by or resulting from the default or collusion on the part of the delayed party; or strikes, lockouts, embargoes, fire, unavoidable casualties, unusual delays in transportation, war, nuclear event, national emergency, unavailability of materials, acts of God, unusually severe and adverse weather conditions not reasonably anticipatable, or other events beyond the reasonable control of the delayed party. Force Majeure does not include the inability of the Tenant to obtain proper permits, clearances, or zoning from local units of government.

1.05 "Maintenance" means that effort, including repair, replacement or removal, required to keep the buildings and other improvements on the Premises, and the Premises themselves, functioning or operating in their updated condition, normal wear and tear excepted, including but not limited to mechanical, electrical, architectural, or plumbing systems.

1.06 "Occupancy" means the actual physical possession by Tenant of the Premises.

1.07 "Office of Infrastructure Services" means the Office of Infrastructure Services, Department of Management and Budget or its successor.

## SECTION 2: PREMISES

2.01 Grant of Lease. Landlord, in consideration of the rents, construction, renovation of certain buildings, maintenance provisions, terms, covenants and agreements hereinafter set forth in this Lease on the part of Tenant to be paid, kept, and performed, grants, demises and lets to Tenant, and Tenant hereby leases from Landlord, on the terms, covenants, provisions and agreements in this Lease, the Premises, together with any and all improvements presently on the Premises or as otherwise approved by Landlord, and together with any and all appurtenances, rights (including easement rights), interest, and privileges in any way pertaining thereto. The recitals set forth above are incorporated herein and are made part of this Lease.

To have and to hold the Premises for and during the term of this Lease.

### SECTION 3: TERM AND DURATION; ACCESS PRIOR TO COMMENCEMENT; EXCLUSIVES; OPTION TO TERMINATE

3.01 Term. Notwithstanding any other provisions of this Lease, the term of this Lease (the "Term") shall not, during the initial or any renewal term, include the State Fair Period and the term of this Lease shall be deemed to temporarily cease during the State Fair Period and then recommence upon expiration of the State Fair Period and delivery of the Premises back to Tenant by Landlord. The Term of this Lease is effective as of October 1, 2007 (the "New Commencement Date") and shall continue through and shall expire at 12:00 a.m. on the September 30, 2009. Tenant shall have the right to extend the Term for three (3) Option Terms of five (5) full lease years as hereinafter provided.

3.02 Exclusives. Landlord agrees that Landlord shall not permit, without the prior consent of Tenant, any basketball or related activities to be conducted on the Michigan State Fairgrounds, other than college or high school basketball tournaments, semi-pro basketball (such as CBA or ABL) and large scale promotional activities such as the Harlem Globetrotters. Tenant shall not conduct any three on three outdoor basketball tournaments at the Premises without Landlord's prior consent.

3.04 Termination Right. If Landlord, after the 3<sup>rd</sup> anniversary of the Original Commencement Date, enters into a binding contract to sell (the "Sale Contract") the entire State Fairgrounds site including the Premises to **an unrelated** third party buyer for use by such third party and not by Landlord, and, in connection therewith, Landlord's operation of the Michigan State Fair at the State Fairgrounds site is discontinued, Landlord shall have the right to terminate this Lease effective no earlier than **twelve (12)** months from the actual closing date of the sale contemplated by the Sale Contract (the "Closing Date"), provided Landlord (i) delivers to Tenant within 30 days of the full execution of the Sale Contract notice of the full execution of the Sale Contract, a fully executed copy of the Sale Contract and a projected closing date (the "Termination Notice") and (ii) pays to Tenant on or before the Closing Date a non-refundable termination fee in accordance with the following schedule:

Lease Year in which The Termination Notice is delivered to Tenant	Buyout (Millions)
1	N/A
2	N/A
3	N/A
4	3.5
5	3.4
6	3.3
7	3.2
8	3.1
9	3
10	2.9
11	2.8
12	2.7
13	2.6
14	2.5
15	2.4
16	2.1
17	1.8
18	1.5
19	1.2
20	0.9

Tenant shall have the right at any time after receipt of Landlord's Termination Notice to cancel this Lease by sending written notice to Landlord ("Tenant's Termination Notice") specifying a termination date that is not less than 90 days after receipt by Landlord of Tenant's Termination Notice.

#### **SECTION 4: RENT; MAINTENANCE; SIGNS; RENEWALS**

4.01 Rent. Tenant covenants and agrees to pay rent (the "Rent") to Landlord, as gross Rent for the Premises hereunder, at the address set forth for Landlord below, or at such other place or places as Landlord shall from time to time designate in writing, without demand and without setoff or deduction (except as set forth in Section 4.02 below), as follows:

(a) Rent payable hereunder shall be Fifty Thousand and 00/100 Dollars (\$50,000.00) annually, commencing on October 1, 2006 through September 30, 2009.

(b) Additional Rent in the amount of Seventy One Thousand Three Hundred Thirty Two and 00/100 Dollars (\$71,332.00), shall be payable in fourteen payments of Five Thousand Ninety Five and 14/100 Dollars (\$5,095.14) as follows: (1) three payments (\$15,285.00) by October 31, 2007; (2) one payment (\$5,095.00) per month from November 1, 2007 to August 1, 2008; and (3) one payment (\$5,095.00) in September 2008.

4.02 Maintenance Obligation. The obligations of the respective parties for performance of Maintenance are as follows:

(a) Landlord, at Landlord's own expense, shall keep, repair, replace and maintain the roof, four outer walls and all building systems which are located outside the Premises but service the Agriculture Building throughout the entire term of the Lease. In the event Landlord fails to complete any necessary repairs to the roof within five (5) days of receipt of notice from Tenant of the need for such repairs, Tenant shall have the right, without further notice to Landlord, to immediately commence and complete such repairs and to deduct all costs and expenses incurred in connection with the completion of such repairs from the next installment(s) of Rent due hereunder. In addition, Landlord shall deliver the Premises to Tenant with the plumbing and HVAC systems within the Agriculture Building in good working condition. Landlord shall also maintain all parking areas and driveways within the State Fairgrounds throughout the Term of the Lease. Landlord shall also be responsible for its proportionate share of all repairs and maintenance required with respect to the Premises. The Landlord's proportionate share of the costs and expenses associated with repairs and maintenance of the Premises shall be reasonably determined on an annual basis at the Annual Meeting by Landlord and Tenant and shall be paid by Landlord to Tenant within thirty (30) days of receipt by Landlord of an invoice therefore from Tenant.

(b) Tenant, at Tenant's own expense, shall, after the Commencement Date, be responsible for all repairs to the HVAC, lighting, plumbing and other fixtures within the Premises. Tenant shall also maintain the Premises in a clean and safe condition in accordance with all Applicable Laws and the directions of any health officer, fire marshal, building inspector, or other governmental agency having jurisdiction over the Premises, other than work which is Landlord's obligation under subsection (a) above.

(c) Notwithstanding anything contained herein to the contrary, in the event that any governmental agency with proper authority (the "Governmental Authority") requires improvements to the Premises for the purpose of compliance with building code or other applicable regulations relating to the Premises ("Code Work"), after Tenant has been authorized to occupy the Premises by the State of Michigan through the issuance of a certificate of occupancy or its equivalent from the State of Michigan (the "Occupancy Authorization"), the following provisions shall apply:

- (1) If the Code Work is required exclusively as a result of Tenant's particular use of the Premises, such Code Work shall be performed by the Tenant and the cost of same shall be paid solely by the Tenant. For example, if the Tenant submits plans for a pro-shop on the mezzanine in the Building and the Governmental Authority requires an elevator to comply with barrier free requirements, the costs associated with such Code Work would be the sole responsibility of the Tenant because the required work relates exclusively to Tenant's proposed use and not in any way the use by Landlord for its operations at the Fair.
- (2) If the Code Work is required exclusively as a result of the operation of the State Fair, the Code Work shall be performed by Landlord and the cost of

same shall be paid solely by the Landlord. For example, if the Landlord decides to develop an exhibit for the fair that changes the use classification of the Building and the Governmental Authority requires modifications to the air-makeup system as a result, costs associated with such Code Work would be the sole responsibility of the Landlord because the required work relates exclusively to Landlord's proposed use and not the use in any way by Tenant for its operations in the Building.

- (3) If the Code Work does not relate exclusively to either the Tenant's or the Landlord's particular use of the Premises, the cost of the Code Work shall be shared equally by the Landlord and Tenant and shall be performed in accordance with Paragraphs 4 and 5 below. For example, if the Governmental Authority requires that certain panic hardware needs to be employed on all doors of the Building irrespective of the use of the Building, Landlord and Tenant shall split the cost of such improvements.
- (4) In the event either party receives notice that Code Work is required, such party shall notify the other party and the parties hereto shall cooperate in exhausting all available appeals with respect to the requirement that such Code Work be performed. In the event such appeals are fully exhausted, either party required to bear the cost of Code Work under this provision shall have the right to terminate this Lease (subject to the further terms of this paragraph) by delivering written notice to the non-terminating party ("Code Termination Notice") stating therein (i) a termination date that is the last date that the Governmental Authority will allow occupancy without completion of the Code Work and (ii) the estimated cost of the Code Work based upon estimates from licensed contractors. Such notice shall be delivered within thirty (30) days of a final determination that such Code Work must be performed. The non-terminating party shall then have the option to be exercised by written notice to the terminating party within 30 days of receipt of the Code Termination Notice (the "Work Acceptance Notice") to perform the Code Work on behalf of the terminating party with the cost to be reimbursed in accordance with subsection 5 below.
- (5) If the party seeking reimbursement pursuant to the terms of the immediately preceding paragraph 4 is the Landlord, Tenant shall pay to Landlord in equal installments as additional Rent a monthly amount equal to the out of pocket costs and expenses of the Code Work amortized over the remainder of the Term of the Lease commencing on the first day of the month after the Code Work is substantially complete (as the same may be extended) after applying a Prime Rate of Interest (such term being hereinafter defined). If the party seeking reimbursement pursuant to the terms of the immediately preceding paragraph 4 is the Tenant, Tenant shall be entitled to offset such amount against Rent in monthly amounts equal to the out of pocket costs and expenses of the Code Work amortized over the remainder of the Term of the Lease (as the same may be extended) after applying a Prime Rate of Interest (such term being hereinafter defined). In no event, however, shall the monthly reduction exceed monthly Rent.

Prime Rate of Interest shall mean the rate of interest charged by Comerica Bank as its prime lending rate.

4.03 Signs and Marketing. Tenant shall be permitted to place a sign at or near Gate C of the State Fairgrounds, which sign shall be maintained and repaired by Tenant. Such sign shall be subject to all required City approvals, if any, and be of a commercially reasonable and appropriate size. In addition, Tenant shall be permitted to place its logo or name on the front and back of the fascia of the building comprising the Premises, provided that the name "Agricultural/Building of the Michigan State Fair" is included. Tenant shall also have the right to use 25% (based on a specific time schedule to be agreed upon at the Annual Meeting) of the electronic rotating signage time on reader board sign located on 8 Mile Road (the "Eight Mile Road Reader Board"), provided that, if required in connection with any sale of the property the sign is currently located on, Tenant pays for the relocation of such sign from its current location to a location closer to Gate C to be approved by Landlord and Tenant. Tenant may also add additional signage space to the bottom of the Eight Mile Road Reader Board for its exclusive use, provided first such addition is integrated seamlessly with the design and construction of the Eight Mile Road Reader Board. All signs hereunder shall be subject to the approval of Landlord, which shall not be unreasonably withheld or delayed. Landlord and Tenant shall reasonably cooperate in the promotion and advertising of the State Fair and the Tenant's business operations in the Premises. Subject to the approval of the then current manager of the State Fair (which approval shall not be unreasonably withheld or delayed), Tenant shall be permitted to advertise and promote the operation of its business inside and outside of the Premises during the State Fair.

#### **FIRST OPTION TO RENEW**

4.04 First Option to Renew. This Lease may be extended at Tenant's option for a five (5) year term beginning October 1, 2009, and continuing for a period of five (5) years, provided that Tenant provides Landlord with written notice of its exercise of this option at least sixty (60) days before this Lease or any extension thereof expires.

4.05 Rent. In the event Tenant exercises the renewal option (First Renewal Term) set forth in Section 4.04, Tenant shall pay to Landlord as Rent consideration for the Premises during the renewal term the greater of Fifty Thousand and 00/100 Dollars (\$50,000.00); or ten percent (10%) of Tenant's gross sales at the Premises.

4.06 Audit. In the event Tenant exercises the renewal option set forth in Section 4.04, Landlord shall have the right to audit the Tenant's post September 30, 2009 sales for the purpose of confirming Tenant's gross sales.

#### **SECOND OPTION TO RENEW**

4.07 Second Option to Renew. This Lease may be extended at Tenant's option for an additional five (5) year term beginning at the expiration of the First Renewal Term, and continuing for a period of five (5) years, provided that Tenant provides Landlord with written



notice of its exercise of this option at least sixty (60) days before the end of the first renewal term.

4.08 In the event Tenant exercises the renewal option set forth in Section 4.07 (Second Renewal Term), Tenant shall pay to Landlord as Rent consideration for the Premises during the renewal term the greater of Fifty Thousand and 00/100 Dollars (\$50,000.00) or ten percent (10%) of Tenant's gross sales at the Premises.

4.09 Audit. In the event Tenant exercises the renewal option set forth in Section 4.07, Landlord shall have the right to audit the Tenant's sales for the preceding term for the purpose of confirming gross sales.

### **THIRD OPTION TO RENEW**

4.10 Third Option to Renew. This Lease may be extended at Tenant's option for an additional five (5) year term beginning at the expiration of the (Second Renewal Term) , and continuing for a period of five (5) years, provided that Tenant provides Landlord with written notice of its exercise of this option at least sixty (60) days before the end of the (Second Renewal Term) .

4.11 Rent. In the event Tenant exercises the renewal option set forth in Section 4.09, Tenant shall pay to Landlord as Rent consideration for the Premises during the renewal term the greater of Fifty Thousand and 00/100 Dollars (\$50,000.00), or ten percent (10%) of Tenant's gross sales at the Premises.

4.12 Audit. In the event Tenant exercises the renewal option set forth in Section 4.09, Landlord shall have the right to audit the Tenant's sales for the preceding term for the purpose of confirming gross sales.

### **SECTION 5: TENANT IMPROVEMENTS**

5.01 Request for Landlord's Approval. In the event that Tenant elects to make improvements to the Premises, Tenant shall submit to Landlord Tenant's proposed plan (including plans and specifications) for improvements to the Premises for Landlord's review and approval.

#### 5.02 Construction of Improvements.

(a) Tenant shall have the right to construct any improvements it deems necessary in the Premises subject to obtaining the approvals required in Section 5.01, and its obligation not to interfere with the State Fair. Landlord's consent shall not be unreasonably withheld, conditioned, or delayed.

(b) All improvements approved as required in Section shall be constructed: (i) in a workmanlike manner; (ii) pursuant to approved plans and specifications prepared by Tenant; and (iii) in compliance with all Applicable Laws.

(c) If any approved improvement is not completed before the State Fair Period, regardless of causation, Tenant shall take such preventative measures against adverse conditions (e.g., noise, dust, fumes, dangerous conditions) as necessary: (i) to assure that such construction activities or incomplete improvements do not interfere with Landlord's holding of the State Fair; and (ii) to maintain a reasonable level of safety for the public during the State Fair Period. In the event the State is unable to use the Agricultural Building during the State Fair as a result of Tenant's improvement construction, Tenant shall pay Landlord a penalty, as liquidated damages and as Landlord's sole remedy with respect to same, of two (2) month's rent hereunder within thirty (30) days of receipt of an invoice therefore from Landlord.

#### 5.03 Modifications of Approved Improvements

(a) Subject to Section 5.07 below, Tenant shall obtain Landlord's prior written approval of any proposed modifications to approved improvements. Landlord's approval of proposed modifications may be withheld if: (i) the modifications or their plans and specifications are not consistent with the operation of the State Fair; or (ii) the modifications or their plans detract from the image or prestige of the Premises.

5.04 Builders Risk Insurance. At all times prior to completion of all substantial improvements on the Premises, Tenant shall maintain a policy of builders risk insurance consistent with the terms and conditions set forth in Section 9 hereof.

5.05 Payment Bonds and Documents. Before beginning any substantial improvements on the Premises, Tenant shall provide to Landlord, on a Department of Management and Budget, Office of Design and Construction bond form, written evidence from a surety company authorized to do business in the State of Michigan by the Department of Consumer and Industry Services – Insurance Bureau and listed on the U.S. Department of the Treasury Circular 570, that a payment bond has been issued each in the amount of one hundred percent (100%) of the value of the contract for the applicable work. Such bonds shall be obtained in a manner consistent with Michigan law. Attorneys-in-Fact who sign such bonds shall attach a certified copy of their Power of Attorney to sign such bonds and conduct business in the State of Michigan. Each bond shall assure that Landlord is named as an obligee thereunder with full rights and benefits to enforce the terms and conditions of each bond as if the contract(s) was made directly with Landlord. Within a reasonable time after completion of the improvements, Tenant shall deliver to Landlord:

- (a) Three (3) copies of the "as-built" detailed plans and specifications; and
- (b) Copies of all warranty information and operating and maintenance manuals.

## SECTION 6: MICHIGAN STATE FAIR OPERATIONS

6.01 Landlord's Interest in Operations. Tenant acknowledges that Landlord is entering into this Lease with the understanding that Landlord is reserving (and Landlord hereby does reserve) the right to continue to conduct the State Fair once per year during the State Fair Period, as well as the right to use certain other facilities throughout the Term for use in connection with the State Fair as set forth in Section 6.04.

6.02 Michigan Exposition and Fairgrounds Act. The Fairgrounds Act provides that Landlord has the power and authority to enter into this Lease. Pursuant to the Act, Landlord and Tenant intend that Landlord may use the Premises to conduct the State Fair without unreasonable interference from Tenant, subject to the terms of this Section and that Tenant's use of the Premises is subject to and subordinate to Landlord's right to conduct the State Fair during the State Fair Period, except as set forth in Section 6.03(a).

6.03 Provisions Applicable to Landlord's Use of the Premises During the State Fair Period. The following provisions shall govern Landlord's use of, and right to use, the Premises during each State Fair Period:

(a) Landlord shall be entitled to use the Premises for the purposes of setting up, conducting and breaking down the State Fair. Such right shall apply to all improvements on the Premises, including the Agriculture Building, but excluding any right to use facilities within the Premises that Tenant has subleased (or granted licenses, concessions or other exclusive rights of use) to third parties as provided herein, and any other areas Tenant and Landlord have agreed are to be used exclusively by Tenant and not used by Landlord for the State Fair (such excluded areas being collectively referred to as the "Tenant Exclusive Areas"), although collectively the Tenant Exclusive Areas shall not interfere with Landlord's ability to conduct the State Fair. Landlord's right of use is limited to the conduct of the State Fair and activities reasonably incidental thereto, but in no event shall Tenant use any portion of the Premises for the display, storage and/or exhibition of any animals, and also is subject to the limitations and provisions set forth in this Section.

(b) Annual Meeting.

During a mutually acceptable period during the first two (2) weeks in February of each year, Landlord and Tenant shall meet to plan and coordinate the activities and obligations of the respective parties to be performed during the State Fair Period and the State Event Days and agree upon a preliminary budget for operating expenses, including utility expenses, maintenance costs and insurance (the "Annual Meeting"). Absent separate written agreement, the operation of the State Fair shall be governed by the provisions of this Section.

(c) Landlord shall be entitled to retain all revenues generated by events conducted or sponsored by Landlord on the Premises in connection with the State Fair, including without limitation revenues from: (i) ticket sales, (ii) sponsorship fees, (iii) amusement fees, (iv)

concession fees, and (v) exhibitor fees. Landlord shall not be entitled to any revenues generated from events during the State Fair Period conducted or sponsored by Tenant or its subtenants, licensees, or concessionaires other than as set forth in this Lease.

(d) Landlord shall not be obligated to pay any base or fixed rent for its rights to use the Premises during the State Fair Period pursuant to this Section, other than the payment of operating and maintenance costs.

6.04 Landlord's Right to Use Certain Facilities throughout the Year. Tenant acknowledges that Landlord intends to reserve (and Landlord hereby does reserve) the right to use the Premises for a maximum of six (6) days throughout the Term (i.e., not merely during the State Fair Period) (subject to availability of the Premises on any particular day) for the purpose of sponsoring events to be selected and scheduled at the Annual Meeting, provided in no event shall more than three (3) of the State Event Days occur on the same day of the week. The following provisions shall govern the Landlord's use of the Premises in such instances:

(a) Such use by Landlord shall be on a non-exclusive basis, and Tenant may also conduct or sponsor events on the Premises.

(b) Landlord's right to use the Premises for the purposes indicated shall include the right to obtain vehicular and pedestrian access to and from buildings for Landlord, its employees and persons attending or participating in the applicable events, in each case at such locations on or adjacent to the Premises as Tenant may designate from time to time.

(c) Tenant shall manage and oversee the aforementioned facilities even while Landlord is using the same, including by providing: (i) customary maintenance and janitorial services, (ii) trash removal, (iii) security of the perimeter of the Premises (although Landlord shall be responsible for security for events conducted or sponsored by it), (iv) landscaping and related services, and (v) utility services, including sewer, water, electricity, natural gas and cable television, although in no event shall Tenant be liable for interruptions in such services.

(d) Landlord shall reimburse Tenant for the reasonable costs incurred by Tenant in managing and operating the aforementioned facilities during Landlord-sponsored events and, in the event the Landlord collects a rental fee in connection with a State event at the Premises, Landlord shall pay 50% of such rental fee to Tenant. Such reasonable costs shall include the costs described in Section 6.04(c).

(e) Tenant shall bill Landlord within fifteen (15) days after an event sponsored or conducted by Landlord. Landlord shall have forty-five (45) days to pay such charges. If Landlord fails or refuses to make any payment required under this Section, Tenant may offset such amount against the next installment of Rent falling due thereafter.

## SECTION 7: SUBLETTING AND ASSIGNMENT

### 7.01 Subletting.

(a) Landlord covenants and agrees that Tenant shall have the right, with the prior written consent of Landlord (except as provided below), which consent shall not be unreasonably withheld, conditioned or delayed, to sublet the whole or any portion or portions of the Premises as long as the use is consistent with the operation of the State Fair, provided, however, Tenant shall have the right to sublease a portion of the Premises to the operator of a snack bar or a pro shop without Landlord's prior consent. Each subtenant of the Premises must agree to abide by the terms set forth in this Lease, to the extent the same apply to the sublet premises. Tenant agrees to include in every sublease entered into a covenant not to discriminate in employment. Further, Tenant agrees to include in every sublease a provision stating that the sublessee must take subject to this Lease and may not take any fee interest in the Premises or any improvements or fixtures thereon. At the written request of Tenant, Landlord shall enter a non-disturbance agreement with a leasehold mortgagee of such a subtenant in a form reasonably satisfactory to such leasehold mortgagee and reflecting the provisions of this Lease.

7.02. Assignment. Tenant shall not assign this Lease without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed.

## SECTION 8: TAXES AND ASSESSMENTS; UTILITIES

8.01 Obligation to Pay Taxes. The parties hereto agree to reasonably cooperate in the event either party desires to appeal the assessment of taxes. In the event the following taxes are properly levied or assessed against the Premises as a result of Tenants' use of the Premises, Tenants covenants and agrees to pay, after receipt of a copy of such bill or bills therefore from Landlord and before any fine, penalty or costs shall be added thereto for nonpayment thereof, the following:

(a) all ad valorem property taxes imposed under the General Property Tax Act (GPA) 1893 PA 206, MCL 211.1, *et seq.*, or any subsequent act of the Legislature, upon the real or tangible personal property leased under provisions of this Lease.

(b) all taxes imposed under provisions of 1953 PA 189, MCL 211.181, or any subsequent act of the Legislature upon the Tenant as the lessee or user of tax exempt property, leased hereunder.

In the event Tenant pays Taxes as provided in this section, Tenant shall be permitted to deduct and offset one-half of the amounts of any Taxes paid by Tenant against the next Rent due hereunder from Tenant to Landlord.

8.02 Utilities. Subject to the provisions of this Lease, Tenant shall contract in its own name, and fully and promptly pay for all water, gas, heat, light, power and telephone services and any other public utilities of every kind that Tenant desires to be furnished to the Premises throughout the Term of this Lease. Upon termination or cancellation, Tenant shall cause all

utility services to be restored in the name of the State of Michigan. Any necessary separate meters shall be the responsibility of Landlord.

8.03 Payment of Utility Charges. Tenant shall pay or cause to be paid all expenses of heat, light, charges, and taxes for water or for the setting and repairing of meters in and for any buildings and improvements hereafter erected by Tenant.

## SECTION 9: INSURANCE

### 9.01 Tenant's Insurance Obligations.

(a) Tenant covenants and agrees, at its sole cost and expense, throughout the Term of this Lease, to obtain, keep and maintain in full force and effect for the mutual benefit of Landlord, Tenant, the holder(s) of mortgage(s) obtained by Tenant and Tenant's written designee(s) or subtenant(s) designated in writing by Tenant, comprehensive liability insurance against claims for damage to persons or property arising out of the use and occupancy of the Premises, or any part or parts thereof, in limits of not less than One Million Dollars (\$1,000,000.00) per occurrence and not less than Two Million Dollars (\$2,000,000.00) in the aggregate. A duplicate original, certificate or binder of such insurance shall be furnished to Landlord at the commencement of the term of this Lease, and, if requested by Landlord in writing, each renewal certificate of such policy shall be furnished to Landlord within fifteen (15) days of such request. Each such policy of insurance shall contain an agreement by the insurer, if obtainable, that such policy shall not be canceled without thirty (30) days prior written notice to Landlord.

(b) At all times prior to completion of substantial improvements on the Premises, Tenant shall maintain a policy of builders risk insurance covering such risks, in the amount of the projected cost of the applicable construction (but with liability coverage no less than Two Million Dollars [\$2,000,000.00]) and with such companies as may be reasonably acceptable to Landlord. Each such policy shall contain a standard loss payable clause in favor of Landlord and shall be noncancellable except upon thirty (30) days prior written notice to Landlord. Any insurance proceeds in respect to property damage shall be used to restore the applicable property.

9.02 Tenant's Certificates of Insurance. Any certificate of insurance required by this Section 9 shall list, among others, Landlord, its several departments, boards, agencies, commissions, officers, and employees as additional insureds on both policies, within thirty (30) calendar days following execution and delivery of this Lease to Tenant, and every year thereafter. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

### 9.03 Landlord's Right to Procure Tenant's Insurance.

(a) After written notice from Landlord, Tenant's continued failure to effectuate any and all insurance policies required in this Section 9 and renewal policies of insurance required as aforesaid, and to pay the premiums and renewal premiums on all such policies of insurance, and to deliver all such certificates of insurance and renewals thereof or duplicate originals to

Landlord within the time hereinabove limited, shall constitute a default by Tenant under the terms of this Lease if same is not remedied by Tenant within thirty (30) days of Landlord's written notice.

(b) In the event Tenant fails to cause the aforesaid insurance policies to be written and pay the premiums for the same and deliver all such certificates of insurance or duplicate originals thereof to Landlord within the time provided for in this Lease, Landlord, after thirty (30) days prior written notice to Tenant, shall have the right, without being obligated to do so, to effect such insurance and pay the premiums therefore, and all such premiums paid by Landlord shall be repaid to Landlord on demand as additional Rent, and Tenant's failure to repay the same as aforesaid shall constitute a default under this Lease.

#### 9.04 Landlord's Insurance Obligations.

(a) During each State Fair Period and during State Event Days, Landlord shall maintain in force and effect a comprehensive general liability insurance policy with a company license to do business in the State of Michigan and reasonably acceptable to Tenant. Such policy shall have limits of not less than One Million Dollars (\$1,000,000.00) per person and Two Million Dollars (\$2,000,000.00) per occurrence. Tenant shall be named as an additional insured under such policy. Landlord shall provide a certificate of such policy not later than thirty (30) days prior to the applicable State Fair Period. Such policy shall be noncancellable by the insurer during the applicable State Fair Period. Landlord further covenants that it will, during the continuance of the term of this Lease, keep or cause to be kept the buildings and improvements now or hereafter located on the Premises, insured by a responsible and reputable insurance company or companies against loss or damage by all risk as are currently embraced in the standard extended coverage endorsement in the State of Michigan, and in an amount equal to the full replacement value of said buildings and improvements. Tenant shall be named as the sole insured and as the sole loss payee under such insurance policy and shall be entitled to use such insurance proceeds to rebuild the building and improvements in the event of a casualty in accordance with Section 12 hereof. Tenant shall reimburse Landlord for the cost of the insurance thereof within thirty (30) days of receipt of an invoice therefore from Landlord. In the event the cost of the premiums for such insurance policy exceed \$3,500.00 per annum at any time during the Term of this Lease, in consideration of Tenant's agreement to continue to pay such insurance premiums, Tenant shall be permitted to operate the snack bar within the Premises during Landlord's operation of the State Fair.

(b) Any insurance policy to be provided pursuant to Section 9.04(a) shall contain language that such policy is to be primary to any other comprehensive general liability insurance policy, including the policy to be provided by Tenant pursuant to Section 3.02(b) and Section 9.01(a).

9.05 No Effect on Indemnification or Reimbursement. Nothing contained in this Section 9 shall effect or limit Tenant's obligations or Landlord's rights under Section 10.

## SECTION 10: INDEMNITY

10.01 Tenant's Indemnification Obligation. Tenant shall indemnify and hold harmless Landlord, its departments, divisions, agencies, sections, commissions, boards, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

(a) any claim, demand, action, citation or legal proceedings against Landlord, its employees and agents arising out of or resulting from the performance of the work, duties, responsibilities, actions or omissions of Tenant;

(b) any claim, demand, action, citation or legal proceeding against Landlord, its employees and agents arising out of or related to occurrences that Tenant is required to insure against as provided for in this Lease; and

(c) any claim, demand, action, citation or legal proceeding against Landlord, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by Tenant, anyone directly or indirectly employed by Tenant, or by anyone for whose acts Tenant may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that any claims, demands, actions, citations or legal proceedings are caused by the negligence or reckless or intentional wrongful conduct of Landlord, its departments, divisions, agencies, sections, commissions, officers, employees or agents; and further provided, that this indemnification obligation shall not apply to claims, demands, actions, citations or legal proceedings occurring or arising during the State Fair Period, unless the same arise out of the sole negligence of Tenant.

In any and all claims against the State of Michigan, or any of its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of Tenant, the indemnification obligation under this Lease shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for Tenant or any of its subcontractors under workers disability compensation acts, disability benefits acts, or other employee benefits acts. The duty to indemnify will continue in full force and effect notwithstanding the expiration or early termination of this Lease with respect to any claims based on facts or conditions which occurred prior to termination.

10.02 Cooperation in Litigation. Landlord, its departments, and its agents shall not be responsible for representing or defending Tenant, Tenant's personnel, or any other employee or agent, named as a defendant in any lawsuit or in connection with any tort claim. Landlord and Tenant agree to make all reasonable efforts to cooperate with each other in the defense of any litigation brought by any person or persons not a party to this Lease. Upon request therefore, Tenant shall submit litigation reports to the Department of Attorney General providing the following details for all criminal and civil litigation arising out of, or relevant to, the performance of the Lease in which Tenant or Tenant's insurers or insurance agent are parties: (1) Case number and docket number; (2) name of plaintiff(s) and defendant(s); (3) names and addresses of all counsel appearing; (4) nature of claim; and status of case.



The provisions of this Section shall survive the expiration or termination of this Lease.

## **SECTION 11: COMPLIANCE WITH LAWS**

11.01 Compliance. Tenant covenants and agrees that during the term of this Lease, Tenant shall promptly comply with all Applicable Laws, except as to Landlord's maintenance obligations as provided in Section 4.02(b).

11.02 Right to Contest. Tenant shall have the right, after prior written notice to Landlord (and, if such contest must be in the name of Landlord, with approval by the Attorney General), to contest by appropriate legal proceedings, which shall be conducted diligently and in good faith in the name of Landlord or Tenant, or both, and without cost or expense to Landlord, the validity or applicability of any law, ordinance, order, rule or regulation of the nature hereinabove referred to in this Section 11, and Tenant shall have the right to delay observance thereof and compliance therewith until such contest is finally determined and is no longer subject to appeal, provided that observance and compliance therewith, pending the prosecution of such proceeding, may be legally delayed without subjecting Landlord to any liability or fine or encumbrance on the Premises.

## **SECTION 12: DAMAGE CLAUSE**

12.01 Obligation to Rebuild. Should the whole or any part or parts of the buildings or improvements then on the Premises be partially or wholly damaged or destroyed by fire or other insured casualty after the Commencement Date of this Lease, such destruction or damage shall not operate to terminate this Lease, but this Lease shall continue in full force and effect, except as otherwise provided in this Lease. As provided above, Tenant shall be named as the loss payee of the insurance policy for the Premises and Landlord shall cause all proceeds of such insurance to be delivered to Tenant. In the event such proceeds are delivered to Tenant in accordance with the insurance policy in the event of a casualty, Tenant shall restore, rebuild or repair the Premises so damaged or destroyed with reasonable diligence so that the said building and improvements shall be comparable in scope and quality as prior to such casualty. Tenant's obligation to restore, rebuild or repair said buildings and improvements shall be limited to the extent that insurance proceeds are available for such restoration, rebuilding or repair. If insurance proceeds are not sufficient to pay all applicable costs, or if changes in law prohibit (or render economically unfeasible or imprudent) the reconstruction of a then existing building or improvement, Tenant, in its sole discretion, shall have the right to terminate the Lease by delivery of written notice to Landlord within sixty (60) days of Tenant's receipt of the insurance proceeds or Tenant shall use best efforts to construct a different building or structure to serve the same purpose, subject to the limitation that in no event shall Tenant be obligated to incur out-of-pocket expense to do so. In the event Tenant terminates the Lease as herein provided, Tenant shall deliver any and all insurance proceeds received by Tenant with respect to the Premises to Landlord and Tenant shall be relieved of all further obligations hereunder.

12.02 Rent Abatement. If the damage renders the Premises wholly or partially untenantable, there shall be a fair and equitable proportionate abatement of all Rent during that

period based on the proportion of the Premises rendered untenable and shall continue until Tenant is able to operate its business from the Leased Premises.

12.03 Certain Exceptions to Obligation. Notwithstanding anything to the contrary contained herein, if the destruction or damage which occurs during the last two (2) years of the Term of this Lease, Landlord or Tenant may elect to terminate this Lease by written notice served on the other party within one hundred eighty (180) days after the occurrence of such damage or destruction.

### **SECTION 13: DEFAULT**

13.01 Landlord's Remedies. Landlord shall have the right to terminate this Lease and to recover possession of the Premises by summary proceedings or by any other appropriate legal action or proceedings, and such other rights as may be available at law or in equity, subject in each case to the rights of leasehold mortgages, if:

(a) Tenant shall default in the payment of Rent on any dates provided for in this Lease, and if such default shall continue for a period of thirty (30) days after written notice of such default from Landlord.

(b) Tenant shall default or fail in the performance of a material covenant or agreement on its part to be performed in this Lease and such default shall not have been cured for a period of thirty (30) days after written notice of such default from Landlord, or if such default cannot with due diligence be cured within ninety (90) days and Tenant shall not have commenced the remedying thereof within such period or shall not be proceeding with due diligence to remedy it (it being intended in connection with a default not susceptible of being cured by Tenant with due diligence within ninety (90) days that the time within which to remedy same shall be extended for such period as may be necessary to complete same with due diligence). The Landlord shall not be obligated to make payments on any mortgage taken by the Tenant or any sublessee.

(c) Tenant is found by a final judgment of a court of law to have violated Section 14.02 or awarded a contract in violation of Section 14.01, then Landlord may terminate this Lease.

(d) If, after the Commencement Date of this Lease: (i) Tenant shall be adjudicated bankrupt or adjudged to be insolvent; (ii) a receiver or trustee shall be appointed for the aforesaid Tenant's property and affairs; (iii) the aforesaid Tenant shall make an assignment for the benefit of creditors or shall file a petition in bankruptcy or insolvency or for reorganization or shall make application for the appointment of a receiver; or (iv) any execution or attachment shall be issued against the aforesaid Tenant or any of the aforesaid Tenant's property whereby the Premises, or any building or buildings or any improvements thereon, shall be taken or occupied or attempted to be taken or occupied by someone other than the aforesaid Tenant, except as may herein be permitted, and such adjudication, appointment, assignment, petition, execution or attachment shall not be set aside, vacated, discharged or bonded over within one hundred twenty (120) days after the issuance of the same, then a default hereunder shall be

deemed to have occurred so that the provisions of this Section 13 shall become effective and Landlord shall have the rights and remedies provided for herein.

13.02 Tenant's Remedies. Tenant shall have the right to terminate this Lease by summary proceedings or by any other appropriate legal action or proceedings, and such other rights as may be available at law or in equity, subject in each case to the rights of leasehold mortgages, if:

(a) Landlord shall default in the payment of any sum due to Tenant under this Lease, and if such default shall continue for a period of ninety (90) days after written notice of such default from Tenant.

(b) Landlord shall default or fail in the performance of a material covenant or agreement on its part to be performed in this Lease and such default shall not have been cured for a period of ninety (90) days after written notice of such default from Tenant, or if such default cannot with due diligence be cured within ninety (90) days and Tenant shall not have commenced the remedying thereof within such period or shall not be proceeding with due diligence to remedy it (it being intended in connection with a default not susceptible of being cured by Tenant with due diligence within ninety (90) days that the time within which to remedy same shall be extended for such period as may be necessary to complete same with due diligence).

13.03 In the event that Landlord fails to make timely and necessary repairs to the roof of the Agriculture Building as required by Section 4.02, Tenant may, at its option, make any repairs to the roof of the Agriculture Building necessary to prevent damage to Tenant's property and the interior of the Agriculture Building, and may offset the costs of such repairs against the next installment of Rent falling due thereafter.

#### **SECTION 14: PUBLIC POLICY PROVISIONS/CONDEMNATION**

14.01 Unfair Labor Practices. Pursuant to 1980 Public Act 278, as amended, MCLA 423.321, *et seq.*, Tenant shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to Section 2 of such Public Act. This information is compiled by the United States National Labor Relations Board. Information concerning employers who are listed on the register may be obtained from the Michigan Bureau of Employment Relations or its successor.

14.02 Discrimination Prohibited. Tenant shall comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453, as amended, MCLA 37.2101 *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended, MCLA 37.1101 *et seq.*, and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment, to be employed in the performance of this Lease, with respect to his or her hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of his or her race, religion, color, national origin, age, sex, height, weight, marital status, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Tenant agrees to include in every subcontract or sublease entered into for the

performance of this real estate contract this covenant not to discriminate in employment. A breach of this covenant is a material breach of this real estate contract.

14.03 Condemnation. Landlord shall notify Tenant within ten (10) days of the commencement of eminent domain/condemnation proceedings against the Premises by the Federal Government. This provision shall not apply in the event Landlord or any other party attempts to institute eminent domain or condemnation proceedings against the Premises. Landlord or Tenant, at their option, shall have the right to contest such eminent domain/condemnation proceedings. Each party shall timely notify each other of its intent to contest eminent domain/condemnation proceedings. Landlord shall notify Tenant within ten (10) days of acquisition by eminent domain/condemnation of the Premises by the Federal Government. If a total taking of the Premises by the Federal Government under the power of eminent domain/condemnation occurs, then the term of this Lease shall cease as of the day of possession and the Basic Rent shall be paid up to that day with a proportionate refund by Landlord of such Rent as may have been paid in advance for a period subsequent to the date of the taking. If a partial taking of the Premises under eminent domain/condemnation occurs, Tenant shall have the right either to terminate this Lease and declare same null and void, or to continue in possession of the remainder of the Premises. Tenant shall notify Landlord in writing within sixty (60) days after such taking of Tenant's intention. In the event Tenant elects to remain in possession, all of the terms herein provided shall continue in effect, except that the Basic Rent shall be reduced in proportion to the amount of the Premises taken, Tenant shall have no further obligation to make the Premises suitable for the State Fair (other than the maintenance of any remaining buildings or improvements), and Landlord shall, at its own cost and expense, make all the necessary repairs or alterations to any building, as originally installed, so as to constitute the remaining Premises a complete architectural unit. All damages awarded for either a total or partial taking under the power of eminent domain/condemnation, of the Premises, including fee title, shall belong to and be the property of Landlord, except damages awarded as compensation for diminution in value to the leasehold interest which shall belong to and be the property of Tenant. Tenant shall be entitled to all damages and costs flowing from its loss of the leasehold interest including, but not limited to, loss of the value of the remaining terms of the Lease, the economic value of the Lease, depreciation, going concern value, business interruption claims, the cost of removal of Tenant's supplies and fixtures, and relocation costs.

## **SECTION 15: OWNERSHIP OF IMPROVEMENTS**

15.01 At all times during the Term of this Lease and any subsequent renewals, the Premises and all improvements and permanent fixtures thereon shall be the property of Landlord, except that the snack bar, lighting and floor within the Premises shall be the sole property of the Tenant during the Term of the Lease and Tenant shall have the right to insure same. Upon expiration of the Term, the snack bar, lighting and floor within the Premises shall become the property of the Landlord. Tenant or any subcontractor or sublessee shall have no right to use the Premises or any improvements or permanent fixtures thereon as collateral for any type of finance or pledge or promise as security for any debt or liability, except a mortgage, pledge, hypothecation or grant of other security interest in Tenant's interest in this Lease (or the sublessee's interest in its sublease).

15.02 Tenant reserves the right to remove any trade fixtures installed on the Premises by Tenant.

#### **SECTION 16: RIGHT TO PERFORM FOR OTHER PARTY**

16.01 If either Landlord or Tenant shall, after reasonable notice and demand, fail to perform any covenant, condition or other obligation on its part to be performed under this Lease, the other party may do so on behalf of and at the cost and expense of the party so failing to perform. Interest at the rate of five percent (5%) per annum and reasonable attorney fees, if any, shall be collectible from the defaulting party. Subject to the any other rights of Landlord in this Lease, should it be determined by a court of competent jurisdiction that the expending of sums by Landlord was made necessary by Tenant's failure to perform a covenant, condition or any other obligation on Tenant's part to be performed under this Lease, in such event, and only in such event, shall such sums, at the option of Landlord, be deemed additional Rent and payable as such on the next or any subsequent Rent day. Subject to any other rights of Tenant in this Lease, should it be determined by a court of competent jurisdiction that the expending of sums by Tenant was made necessary by Landlord's failure to perform a covenant, condition or any other obligation on Landlord's part to be performed under this Lease, in such event, and only in such event, Tenant shall have the right to deduct the sums expended by Tenant due to Landlord's default from the next ensuing installment of Rent due hereunder for however long a period is required to reimburse Tenant.

#### **SECTION 17: WAIVER OF SUBROGATION**

17.01 All insurance policies carried by either party covering the Premises, including but not limited to contents, fire, casualty and other insurance, shall expressly waive any right of the insurer against the other party and the holders of the mortgages described in Section 13 hereof. The parties hereto agree that their insurance policies will include such waiver clause or endorsement.

#### **SECTION 18: PARTIAL INVALIDITY**

18.01 If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstances shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which this Lease is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

## SECTION 19: WRITTEN NOTICES

19.01 Any notice to Landlord or Tenant required by this Lease shall be complete if submitted in writing and transmitted by personal delivery (with signed delivery receipt), or certified or registered mail return receipt requested. Unless either party notifies the other in writing of a different mailing address, notices shall be transmitted to the following addresses:

### Notice to Landlord:

State of Michigan  
Michigan Exposition and Fairgrounds Authority  
1120 W. State Fair  
Detroit, MI 48203  
Attn. General Manager

With a copy to:

State of Michigan  
Department of Management and Budget Real Estate Division

Delivery Address:  
Mason Building—1st Floor  
530 West Allegan St.  
Lansing, MI 48933

Mailing Address:  
P.O. Box 30026  
Lansing, Michigan 48909

### Notice to Tenant:

Brian D. Siegel  
45300 Mound Road  
Shelby Township, MI 48317

With a copy to:  
Mark D. Rubenfire  
Jaffe, Raitt, Heuer & Weiss  
One Woodward Avenue, Suite 2400  
Detroit, MI 48226-3418

The notice shall be deemed effective as of 12:00 noon EST time on the third business day following the date of mailing, if transmitted by mail. Business day is defined as any day other than a Saturday, Sunday, legal holiday, or day preceding a legal holiday. A receipt from a U.S. Postal Service, or successor agency, performing such function shall be conclusive evidence of the date of the mailing.

## **SECTION 20: BINDING ON SUCCESSORS AND ASSIGNS**

20.01 Except as otherwise provided in this Lease, all covenants, agreements, provisions and conditions of this Lease shall be binding on and inure to the benefit of the parties hereto, their respective personal representatives, successors and assigns. No modification or termination of this Lease shall be binding unless evidenced by an agreement in writing signed by Landlord and Tenant.

## **SECTION 21: BROKER**

21.01 Landlord and Tenant each warrant, covenant and agree with the other that no broker brought about this Lease nor was any broker involved in the negotiations leading to its consummation.

## **SECTION 22: NO MERGER**

22.01 Notwithstanding any provision of this Lease to the contrary, if at any time or times during the term of this Lease, Landlord and Tenant shall be the same person, party or entity, Landlord's and Tenant's interests shall remain separate and distinct, and shall not be merged into one estate so as to cancel, terminate or extinguish this Lease by law or otherwise.

## **SECTION 23: SURRENDER**

23.01 Upon the termination of the Lease term, Tenant shall quit and surrender the Premises and all buildings and improvements thereon, in good condition and repair, ordinary wear and tear excepted and Landlord shall be entitled to the title and possession of the Premises in accordance with Section 15 hereof.

## **SECTION 24: QUIET ENJOYMENT**

24.01 Landlord agrees, covenants and warrants that as long as Tenant faithfully performs the agreements, terms, covenants and conditions of this Lease within the grace periods and extended periods for any unavoidable delays, Tenant shall peaceably and quietly have, hold and enjoy the Premises for the term and extensions thereof hereby granted without molestation or disturbance by or from Landlord and free of any and all encumbrances created or suffered by Landlord.

## **SECTION 25: ENVIRONMENTAL**

25.01 Phase One Assessment. Landlord has notified Tenant that a Phase I Environmental Assessment of the State Fairgrounds was conducted by Michigan Testing Corporation ("the Environmental Report") and that the environmental assessment identified no conditions that may be associated with the presence of hazardous substances at the Premises.

above the generic residential criteria described in Part 201 of the Natural Resource and Environmental Protection Act, ("NREPA"), MCLA 324.20101 *et seq.* A copy of the Environmental Report was provided to the Tenant.

25.02 Notice of Releases. Landlord and Tenant agree to notify each other upon their discovering any release or threatened release of a hazardous substance into, on, or at the Premises. Such notice shall be provided as soon as possible after discovery and in sufficient time for Landlord or Tenant to meet any regulatory reporting requirements or other obligations. Notification may be provided orally, but must be followed within forty-eight (48) hours by written confirmation. Such notification shall be as specific as possible regarding the nature of the release, including, but not limited to the origin, quantity of material, chemical composition and location of the release. Landlord and Tenant shall provide to each other the name, address, and phone number of the individual within their respective organizations who should be notified upon discovery of a release or threatened release. Landlord and Tenant shall comply with all regulatory requirements for reporting of releases or threats of release which are required under applicable federal, state or local laws, regulations or ordinances.

25.03 Landlord's Obligations Relative to Releases. Landlord covenants that in the event a release or threatened release of a hazardous substance in or from the soils, subsurface, surface waters, ground water or existing utility improvements (herein "Environmental Condition") is discovered to exist in or under the Premises, or otherwise on the grounds of the Premises, and such Environmental Condition occurred either (i) prior to the Commencement Date, except for the presence of lead paint and asbestos, or (ii) after the Commencement Date, but was not caused, directly or indirectly, by Tenant or by its employees, agents, contractors, invitees, successors or assigns, (hereinafter "Landlord Environmental Condition"), then Landlord shall, subject to Section 25.05 of this Lease:

(a) Report, investigate, remediate to unlimited commercial cleanup criteria established under Part 201 of NREPA and/or take all other actions required or allowed under applicable federal, state, or local laws, regulations or ordinances.

(b) Inform Tenant and all other parties required to be notified under applicable federal, state, or local laws, regulations, or ordinances of the actions taken to address the Landlord Environmental Condition.

(c) Provide Tenant and all other parties required to be notified under applicable federal, state, and local laws, regulations and ordinances with any reports, data, and other documents generated in connection with any investigation, remediation, or other action taken to address the Landlord Environmental Condition.

25.04 Tenant's Obligation Relative to Releases. Tenant agrees that in the event a tenant Environmental Condition (any Environmental Condition not specifically defined above as a Landlord Environmental Condition) is discovered to exist on, in, or under the Premises:

(a) Tenant shall assume responsibility to the extent provided for by law for such Tenant Environmental Condition.



(b) Tenant shall report, investigate, remediate and/or take all other action required under applicable federal, state, or local laws, regulations or ordinances to address such Tenant Environmental Condition.

(c) Tenant will inform Landlord and all other parties required to be notified under applicable federal, state, or local laws, regulations or ordinances of any actions taken by it to address the Tenant Environmental Condition.

(d) Tenant will provide Landlord and all other parties required to be notified under applicable federal, state or local laws or regulations and ordinances with any reports, data, analysis, or other documents or information generated in conjunction with any investigation remediation or other acts taken by it to address a Tenant Environmental Condition.

(e) Except as otherwise provided herein, Tenant agrees to hold Landlord harmless and to indemnify Landlord for any claims brought against Landlord relating to a Tenant Environmental Condition. This indemnification and hold harmless provision shall survive the termination of the leasehold interest and the sale of the Premises by Landlord. Tenant need not indemnify or defend Landlord to the extent an Environmental Condition is a Landlord Environmental Condition.

#### 25.05 Joint Responsibilities.

(a) To the extent an Environmental Condition is both a Landlord Environmental Condition and a Tenant Environmental Condition, Landlord and Tenant will use their best efforts, good faith and sound and acceptable engineering and scientific judgment to determine their respective contribution to, and responsibility for, the Environmental Condition.

(b) To the extent an Environmental Condition is a Landlord Environmental Condition that must be remediated in order to permit the continued use of the Premises, the following provisions shall apply:

1. Either party shall have the right to terminate this Lease (subject to the further terms of this paragraph) by delivering written notice to the non-terminating party ("Environmental Termination Notice") stating therein (i) a termination date that is the last date that the occupancy will be permitted and (ii) the estimated cost of the clean up and remediation of the environmental condition. Such notice shall be delivered within thirty (30) days of a final determination that such Environmental Condition must be remediated for occupancy of the Premises to continue. The non-terminating party shall then have the option to be exercised by written notice to the terminating party within 30 days of receipt of the Environmental Termination Notice (the "Work Acceptance Notice") to perform the required remediation, in which event such termination shall be null and void and, if the non terminating party is Tenant, the cost of such remediation shall be reimbursed in accordance with subsection 2 below.
2. If Tenant, with the prior consent of the Landlord as to the plan of remediation, which shall not be unreasonably withheld, remediates the environmental condition on behalf of Landlord, Tenant shall be entitled to offset such amount

against Rent in monthly amounts equal to the out of pocket costs and expenses of the remediation work amortized over the remainder of the Term of the Lease (as the same may be extended) after applying a Prime Rate of Interest (such term being hereinafter defined). In no event, however, shall the monthly reduction exceed monthly Rent. Prime Rate of Interest shall mean the rate of interest charged by Comerica Bank as its prime lending rate.

25.06 Certain Other Responsibilities. In the event a spill or release of a hazardous substance (i) occurs at or on the Premises after the Commencement Date and (ii) does not constitute an Environmental Condition because it has not impacted the soils, subsurface, surface waters, or ground water in or under the Premises, Landlord and Tenant shall be responsible for properly cleaning up or otherwise addressing any such spill or release which it or its employees, agents, contractors, invitees, or assigns, respectively, causes.

25.07 Compliance with Laws. Landlord and Tenant shall comply with all applicable federal, state, and local environmental laws, regulations and ordinances in connection with the use and occupancy of the Premises.

## **SECTION 26: RIGHT TO ENTER**

26.01 Right to Enter. Tenant expressly agrees that Landlord's agents and employees, and agents for police authorities or government agencies may, at any reasonable time, enter upon and inspect all or any portion of the Premises to enforce compliance with applicable statutes, ordinances, regulations, and this Lease.

## **SECTION 27: EFFECTIVE DATE OF LEASE**

27.01 Effective Date. This Lease will not become effective and binding on either party until approved by the Landlord, Tenant, Attorney General as to Legal Form, Building Committee of the State Administrative Board, the State Administrative Board, and signed by the Michigan Expositions and Fairgrounds Authority. All dates in this Lease may be subsequently adjusted as mutually agreed to by Landlord and Tenant.

## **SECTION 28: ORIGINAL LEASE AND ENTIRE AGREEMENT**

28.01 Original Lease. This Lease supersedes the lease between Landlord's predecessor and Tenant for the Premises dated April 8, 2004 (the "Original Lease"). Notwithstanding anything contained in this Lease to the contrary, all claims by either party against the other arising out of the Original Lease and the operations of Tenant during the terms of the Original Lease—including claims premised on the Tenant's indemnification and hold harmless obligations in the Original Lease—shall survive the termination of the Original Lease.

28.02 Entire Agreement. This Lease contains the entire agreement of the parties with respect to the Premises, and this Lease may not be amended, modified, released, or discharged,

in whole or in part, except by an instrument in writing signed by the parties, and executed in the same manner as this Lease was executed, as required under paragraph 27.01.

#### **SECTION 29: CAPTIONS**

29.01 Captions. The captions of the Sections of this instrument are solely for convenience and shall not be deemed a part of this instrument for the purposes of construing the meaning thereof or for any other purpose.

#### **SECTION 30: NO WAIVER**

30.01 Waiver. No waiver of any covenant or condition contained in this Lease, or of any breach of any such covenant or condition, shall constitute a waiver of any subsequent breach of such covenant or condition by either party, or justify or authorize the nonobservance on any other occasion of the same or any other covenant or condition hereof of either party.

#### **SECTION 31: INTERPRETATION**

31.01 Interpretation. This Lease shall be construed in accordance with the laws of the State of Michigan. Whenever the contents of any provision shall require it, the singular number shall be held to include the plural number and vice versa. The neuter gender includes the masculine and the feminine. This Lease was negotiated and drafted by all of the parties to this Lease.

#### **SECTION 32: GOVERNMENT AGENCIES**

32.01 Agencies. If any government agency, department, division, or official identified in this Lease is renamed, eliminated, changed, or moved, then the provision regarding that government agency, department, division, or official shall apply equally and fully to any successor or assigned government agency, department, division, or official.

#### **SECTION 33: INFORMAL DISPUTE RESOLUTION**

33.01 Non-Binding Dispute Resolution. (a) If the parties are unable to resolve any disputes at the Annual Meeting, the parties shall meet with the Director Real Estate Division, or the Director of the Office of Management and Budget, for the purpose of attempting to resolve such dispute without the need for formal legal proceedings. Such meeting and any decisions of such director shall be non-binding upon the parties but may assist the parties in resolving the dispute. In the event of a dispute:

(i) The representatives of Tenant and Landlord shall meet as often as the parties reasonably deem necessary in order to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in

connection with its resolution. The representatives shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

(ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to this Lease will be honored in order that each of the parties may be fully advised of the other's position.

(iii) The specific format for the discussions will be left to the discretion of the designated Tenant and Landlord representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

(iv) Following the completion of this process and a final meeting with the Director of Land and Tenant Services or the Director of the Office of Management and Budget shall issue a written opinion regarding the issue(s) in dispute. Landlord and Tenant shall each then determine whether they will agree to abide by the terms of the opinion or pursue other remedies.

(b) This Section will not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings at any time during the above process.

**IN WITNESS WHEREOF**, the parties hereto have set their hands and seals the day and year first above written.

**SIGNATURE PAGES FOLLOW**

**WITNESSES:**

*Lois Under Putton*

*[Signature]*  
STATE OF MICHIGAN )  
COUNTY OF Macomb )

**TENANT:**

**FIELDHOUSE, L.L.C., a Michigan  
Limited Liability Company**

*[Signature]*

By: Brian D. Siegel

Title: Chief Executive Officer

*Managing Member*

The foregoing instrument was acknowledged before me this 2nd day of November 2007, by Brian D. Siegel, Chief Executive Officer, Fieldhouse, L.L.C., a Michigan limited liability company, on behalf of the limited liability company.

*[Signature]*

Notary Public, State of Michigan, County of \_\_\_\_\_.

My Commission Expires: \_\_\_\_\_

Acting in the County of \_\_\_\_\_

CARRIE J. WRIGHTNER  
Notary Public - Michigan  
Macomb County  
My Commission Expires  
September 04, 2010

WITNESSES:

LANDLORD:

STATE OF MICHIGAN  
Michigan Exposition and Fairgrounds  
Authority

By: Steven R. Jenkins  
Title: General Manager

STATE OF MICHIGAN )  
COUNTY OF Wayne

The foregoing instrument was acknowledged before me this 30 day of Dec  
2007, by Steven R. Jenkins, General Manager, on behalf of the Michigan Exposition and  
Fairgrounds Authority

[Signature]  
Notary Public, State of Michigan, County of Wayne.  
My Commission Expires: 11-21-2010  
Acting in the County of Wayne

LADON JENKINS  
NOTARY PUBLIC, STATE OF MI  
COUNTY OF WAYNE  
MY COMMISSION EXPIRES Nov 21, 2010  
ACTING IN COUNTY OF Wayne

This Lease has been approved as to legal form by the Michigan Attorney General IML

This Lease was approved by the Michigan State Administrative Board on:

**APPROVED**  
STATE ADMINISTRATIVE BOARD

NOV 20 2007

DEPT. OF MANAGEMENT & BUDGET

Item #9

## Exhibit A

### LAND DESCRIPTION - MAIN CAMPUS

A parcel of land in the N  $\frac{1}{2}$  of section 2 and the NE  $\frac{1}{4}$  of Section 3, T1S, R11E, City of Detroit, Wayne County, Michigan and more particularly described as commencing at the northwest corner of said section 2; thence S01°59'26"E 33.00 feet, to the north line of Germans Montrose Park Subdivision and the south right of way of Eight Mile Road and the point of beginning of this description; thence N88°00'34"E 633.69 feet, on the north line of said subdivision to the northwest corner of lot #136, Germans Montrose Park Subdivision; thence S01°59'26"E 136.58 feet, on the west line of said lot #136 to the southwest corner of said lot #136; thence N88°15'14"E 300.00 feet, on the south line of lots #136 through #127 to the southeast corner of lot #127, Germans Montrose Subdivision; thence N01°59'26"W 137.86 feet, to the north line of Germans Montrose Subdivision; thence N88°00'34"E 1639.15 feet, on the north line of Germans Montrose Subdivision and its extension on the south right of way line of Eight Mile Road to the southwesterly right of way of the Grand Trunk Western Railroad; thence on said right of way on the next five calls; thence S31°13'25"E 169.96 feet; thence S44°18'21"E 110.43'; thence S31°13'25"E 1849.71 feet; thence S58°46'35"W 20.00 feet; thence S31°13'25"E 914.91 feet, to the centerline of State Fair Avenue and the E-W  $\frac{1}{4}$  line of said section 2; thence S89°08'56"W 1425.09 feet, on said E-W  $\frac{1}{4}$  line to the center of said section 2; thence S88°32'46"W 1290.77 feet on said E-W  $\frac{1}{4}$  line and center of State Fair Avenue; thence N01°32'55"W 33.00 feet, to the north line of State Fair Avenue; thence S88°32'46"W 692.91 feet, on the north line of State Fair Avenue to the northeast right of way line of Woodward Avenue; thence N26°34'10"W 1729.10 feet on said Woodward Avenue right of way to the southwest corner of lot #24, Plat of State Fair Subdivision #2; thence N88°21'23"E 182.91 feet, on the south line of said State Fair Subdivision #2; thence N01°44'01"W 115.13 feet, on the east line of lot #26 and its extension to the northeast corner of said lot #26; thence S88°15'59"W 106.06 feet, on the north line of lots #26 and #25 and the adjacent alley to the northeast corner of lot #19, said State Fair Subdivision #2; thence N26°34'10"W 115.10 feet, on the northeast line of lots #16, #17, #18 and their extension over Winchester Avenue to the northeast corner of lot #16, said State Fair Subdivision #2; thence S88°15'59"W 130.00 feet, on the north line of said lot #16 to the northeast right of way line of Woodward Avenue; thence N26°34'10"W 624.38 feet, on the southwest side of said State Fair Subdivision #2 and said Germans Montrose Subdivision to the southwest corner of lot #62 said Germans Montrose Subdivision; thence N88°15'15" 100.00 feet, on the south line of said lot #62 to the southeast corner of said lot #62; thence N26°34'10"W 53.98 feet, on the northeast side of lot #62, lot #169 and lot #170 to the northeast corner of said lot #170; thence S88°15'15"W 100.00 feet, on the north line of said lot #170 to the northwest corner of said lot #170; thence N26°34'10"W 179.55 feet, on the southwest side of Germans Montrose Subdivision and Woodward Avenue right of way to the northwest corner of Germans Montrose Subdivision and the south right of way line of Eight Mile Road; thence N88°00'34"E 258.12 feet, on the north line of Germans Montrose Subdivision and south right of way of Eight Mile Road to the northwest corner of lot #164, Germans Montrose Subdivision; thence S01°59'26"E 132.80 feet, on the west line of said lot #164 to the southwest corner of said lot #164; thence N88°14'53"E 120.00 feet, on the south line of lot #164 through lot #161, Germans Montrose Subdivision to the southeast corner of said lot #161; thence N01°59'26"W 133.30 feet, on the east line of said lot #161, to the south right of way of Eight Mile Road and the north line of said Germans Montrose

Subdivision; thence N88°00'34"E 143.71 feet, on the north line of Germans Montrose Subdivision to the point of beginning, containing 192.92 acres, excepting the following:

LAND DESCRIPTION - DEPARTMENT OF NATURAL RESOURCES - POCKET PARK

A parcel of land in the N ½ of section 2 and the NE ¼ of section 3, T1S, R11E, City of Detroit, Wayne County, Michigan and more particularly described as commencing at the northwest corner of said section 2; thence S01°59'26"E 33.00 feet, to the north line of Germans Montrose Park Subdivision and the south right of way of Eight Mile Road; thence N88°00'34"E 633.69 feet, on the north line of said subdivision to the northwest corner of lot #136, Germans Montrose Park Subdivision; thence S01°59'26"E 136.58 feet, on the west line of said lot #136 to the southwest corner of said lot #136; thence N88°15'14"E 300.00 feet, on the south line of lots #136 through #127 to the southeast corner of lot #127, Germans Montrose Subdivision; thence N01°59'26"W 137.86 feet, to the north line of Germans Montrose Subdivision; thence N88°00'34"E 1639.15 feet, on the north line of Germans Montrose Subdivision and its extension on the south right of way line of Eight Mile Road to the southwesterly right of way of the Grand Trunk Western Railroad; thence on said right of way on the next five calls; thence S31°13'25"E 169.96 feet; thence S44°18'21"E 110.43'; thence S31°13'25"E 1849.71 feet; thence S58°46'35"W 20.00 feet; thence S31°13'25"E 914.91 feet, to the centerline of State Fair Avenue and the E-W ¼ line of said section 2; thence S89°08'56"W 1425.09 feet, on said E-W ¼ line to the center of said section 2; thence S88°32'46"W 1290.77 feet, on said E-W ¼ line and center of State Fair Avenue; thence N01°32'55"W 33.00 feet, to the north line of State Fair Avenue; thence S88°32'46"W 692.91 feet, on the north line of State Fair Avenue to the northeast right of way line of Woodward Avenue; thence N26°34'10"W 400.15 feet, on said Woodward Avenue right of way to the point of beginning of this description; thence N26°34'10"W 295.35 feet, on said Woodward Avenue right of way; thence N88°25'45"E 251.61 feet; thence S01°14'04"E 13.00 feet; thence N88°45'56"E 169.82 feet; thence S00°25'49"E 252.35 feet; thence S88°09'24"W 291.51 feet, to the point of beginning, containing 2.13 acres.



EXHIBIT B  
LEGAL DESCRIPTION  
AGRICULTURE BUILDING AND MICHIGAN MALL-EAST

A parcel of land in the NW 1/4 of Section 2, T1S-R11E, City of Detroit, Wayne County, Michigan and more particularly described as commencing at the Northwest corner of said Section 2; thence S01°59'26"E, 33.00 feet to the North line of Germans Montrose Park Subdivision and the south right of way of Eight Mile Road; thence N88°00'34"E, 1323.68 feet, on the north line of Germans Montrose Subdivision to the east line of said subdivision; thence S01°41'24"E, 1008.30 feet on the east lines of Germans Montrose Subdivision and State Fair Subdivision No. 2 to the south line of said State Fair Subdivision No. 2; thence S88°21'23"W, 26.86 feet on said south line to a point on the Northerly extension of the East wall line of the Agriculture Building; thence S01°34'55"E, 48.37 feet along said extension to the Northeast corner of said building, said point also being the POINT OF BEGINNING; thence along the exterior wall line of said Agriculture Building for the following twelve (12) courses:

- 1) S01°34'55"E, 92.35 feet
- 2) N88°25'05"E, 10.50 feet
- 3) S01°34'55"E, 59.00 feet
- 4) S88°25'05"W, 10.50 feet
- 5) S01°34'55"E, 92.37 feet
- 6) S88°25'05"W, 11.95 feet
- 7) S01°43'31"E, 11.00 feet
- 8) S88°16'29"W, 95.89 feet
- 9) N01°43'31"W, 11.00 feet
- 10) S88°16'29"W, 12.00 feet
- 11) N01°38'51"W, 243.74 feet
- 12) N88°17'55"E, 120.13 feet to the POINT OF BEGINNING, containing 30,917 square feet.

July 17, 2009

**Via Certified Mail**

**Return Receipt Requested**

State of Michigan  
Department of Management and Budget  
Real Estate Division  
Mason Building- 1<sup>st</sup> Floor  
Terri Fitzpatrick  
530 West Allegan Street  
Lansing, Michigan 48933

**Via Certified Mail**

**Return Receipt Requested**

P.O. Box 30026  
Lansing, Michigan 48909

**Via Hand Delivery**

**Signed Delivery Receipt Requested**

State of Michigan  
General Manager  
Robert Porter  
1120 W. State Fair  
Detroit, Michigan 48203

RE: Lease dated November 2, 2007 between State of Michigan, Michigan Exposition and Fairgrounds Authority, as Landlord, and Fieldhouse, LLC, as Tenant (the "Lease") for the property commonly referred to as the Agricultural Building, the East Mall and related easements (collectively the "Premises").

Dear Ms. Fitzpatrick,

Pursuant to Sections 4.04 and 19.01 of the Lease, this letter shall serve as formal notice of Tenant's election to renew the Lease for an additional 5 year term commencing on October 1, 2009 and ending on September 30, 2014.

Feel free to call me with any questions or concerns that you may have. We look forward to continuing to work with you on this important community based operation at the Fairgrounds.

Yours truly,  
Fieldhouse, LLC

By: 

Brian D. Siegel

Its: Managing Member

Cc: Joe Dumars  
Ira Jaffe